The Alchemy of Austerity

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Abstract

In this article, we examine the return of austerity as a global and national economic and political strategy. We consider debates about the economic viability of fiscal austerity and about its implications for the politics of welfare. We widen the focus of politics to explore the relationship between austerity and unrest, before turning to the social imaginaries through which austerity is being mobilised in the UK (the Big Economy, the Big Society and the Broken Society). We conclude with some reflections on rethinking the relationships the economy, politics and society through the idea of moral economies.

'The age of irresponsibility is giving way to the age of austerity.' David Cameron (2009a)

The return of austerity has provoked social conflict, political controversy and academic disputes. In this article we explore some of these conflicts, controversies and disputes, beginning from arguments about the validity and viability of contemporary strategies of fiscal austerity. From there, we move to exploring the significance of austerity for the politics of welfare states. We suggest that such debates may need to broaden their conception of politics beyond systems of party political representation to grasp the contradictory field of political forces put into motion by austerity strategies. We argue that austerity must also be viewed as a key term being mobilized in different international and national political discourses and we turn to an examination of how austerity is articulated in three social imaginaries in play in the UK coalition government's discourses: the Big Economy, the Big Society and the Broken Society. In the final section, we consider whether the problematic relationships between the moral and the economic that animate these social imaginaries might be better grasped through E.P. Thompson's concept of 'moral economy'.

The contradictory economics of austerity

Although austerity has a long and complicated history (to which we will return), its current significance derives directly from the multiple and multi-layered crisis of the financial system inaugurated in 2007-8. This crisis has provided a remarkable display of 'shape changing' as its construction has been contested and reworked (Clarke and Newman, 2010; Newman and Clarke, 2009). The current dominant image of its locus has been moved from the private to the public sector (from the financial services industry to public spending). It has been transformed from a financial crisis to a fiscal crisis (centred on government debt). In the process, we have moved from the apparent death of neo-liberalism to its global revivification as the commonsense of economic ordering. 'Austerity' marks the second phase of nationalization of this global crisis. The first involved soliciting those despised bodies known as nation states to come to the rescue of failing financial institutions. (Clarke, 2010a). As Richard Wolff has noted, this act of public rescue provoked rather paradoxical consequences:

> This peculiar "nationalization" of debt served capitalism by having the government temporarily function as lender of last resort. Nationalization unfroze the credit system sufficiently to stop the crisis from collapsing global capitalism. Few policy-makers (and

> few others) in 2008 and early 2009 worried about the consequences of so massively increasing government debts. The looming possible capitalist system collapse overwhelmed worry about any "longer run".
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> The international banks that were rescued (from their own bad loans and investments) by governments now worry that governments they lent to won't be able to repay those loans. Banks threaten to make further loans much more costly or even impossible unless those governments impose "austerity". (Wolff: 2010)

Austerity has become the dominant global wisdom for addressing the 'problem of public debt' (including the public debt that saved private funds). It circulates widely, particularly across the European Union and the USA. It should be remembered, however, that the global North is a relative latecomer to the regime of fiscal austerity. The South has a rather longer (and harsher) exposure to its rigours (see, for example, Adepoju, 1993 and Ferguson, 2006 on Africa; Canak, 1989 and Lustig, 1995 on Latin America; and Yeldan, 2001, on Turkey and the IMF). That history is a reminder about the controversial economics and politics associated with austerity. The currently dominant consensus about fiscal austerity continues an approach established in the International Monetary Fund's 'structural adjustment' policies in which public debt, public spending and public services are all viewed as problems to be overcome (to liberate enterprise, growth and development). This model of fiscal austerity is much contested:

> This new era of fiscal consolidation is based on two simple ideas. First, government budget deficits experienced today by many advanced countries are unsustainable. Second, fiscal consolidation measures are invariably expansionary; that is, massive cuts in government expenditures and significant tax hikes have positive effects on output and employment. These simple ideas are wrong but very powerful. No policymaker around the world seems immune to them. (Fontana and Sawyer, 2011: 57-58)

These two ideas circulate widely in global financial institutions, most notably the IMF which has remained wedded to this conception of how national and global economies work for over thirty years. However, these ideas do not just circulate; they are also *enforced* by a variety of means. The IMF's own lending power, combined with the political effects of its judgements on the state of national economies, make it a potent force for ensuring the continued dominance of this austerity strategy, even when evidence of its success is (at best) equivocal, and the evidence of its social costs is alarming. The European Central Bank has played a similar role in relation to 'vulnerable' European economies. Nevertheless, it is important to remember that, even in the hard-nosed 'real world' of economics, various forms of magical thinking are at work. These include the belief that if one says things often enough, they will come true (visible in most UK chancellors of the last few decades) and a touching faith in the power of good feelings ('confidence' among consumers, investors, etc). Paul Krugman nicely points to how such magical beliefs combine in the central role of the 'confidence fairy':

> But don't worry: spending cuts may hurt, but the confidence fairy will take away the pain. "The idea that austerity measures could trigger stagnation is incorrect," declared Jean-Claude Trichet, the president of the European Central Bank, in a recent interview. Why? Because "confidence-inspiring policies will foster and not hamper economic recovery." (Krugman: 2011: 2)

At the heart of this austerity strategy is a belief that strategies of fiscal constraint can, counter-intuitively, produce expansionary effects in national economies, increasing private consumption, investment and producing growth in Gross Domestic Product (GDP). In a recent working paper, Guajardo and his colleagues note that, according to this hypothesis, 'fiscal consolidation can thus stimulate private consumption and investment even in the short term, a phenomenon known as "expansionary fiscal contraction" or "expansionary austerity." '(Guajardo et al, 2011: 3). Their study is potentially significant because they challenge the empirical measures on which most investigations of 'expansionary austerity' have relied.

Using an alternative methodology, they suggest that the effects of 'fiscal consolidation' are consistently 'contractionary' rather than expansionary:

> Based on the fiscal actions thus identified, our baseline specification implies that a 1 percent of GDP fiscal consolidation reduces real private consumption by 0.75 percent within two years, while real GDP declines by 0.62 percent. The baseline results survive a battery of robustness tests. Our main finding that fiscal consolidation is contractionary holds up in cases where one would most expect fiscal consolidation to raise private domestic demand. In particular, even large spending-based fiscal retrenchments are contractionary, as are fiscal consolidations occurring in economies with a high perceived sovereign default risk. (Guajardo, et al., 2011: 29; see also Fontana and Sawyer, 2011)

This suggests that the confidence fairy's wand may need some repair. It also indicates that the protracted character of the current economic crisis owes something to the choice of remedy that has been promoted globally and adopted (more or less willingly) by many national governments, not least the UK's enthusiastic 'early adopters'. Indeed, Theodoroupoulou and Watt have argued that the early experiences of fiscal austerity within the EU indicate that the process is likely to be prolonged, precisely because of the 'contractionary' effects:

> The currently planned time structure of the programmes does not, however, necessarily preclude the possibility that they will have to be prolonged, especially in cases like Greece and Ireland. The experiences of early starters like Latvia and Hungary are telling. Although we do not have data on planned measures beyond 2012, the fiscal austerity programme adopted by Latvia since 2009 has been frequently revised and extended over time to meet the targets set, as conditions for financial support – such as the assumptions of growth upon which they relied – were consistently undershot. This is primarily because of the contractionary effects that these measures have had on the real economy, which made meeting the targets of fiscal consolidation very difficult. The Greek government has already had to revise its own stabilisation programme for 2011, even though the consolidation efforts made by the government so far have been unprecedented. Portugal, as already mentioned, also had to step up its austerity measures last September in order to meet the targets. (Theodoropoulou and Watt, 2011: 16)

Certainly the construction of public debt and public austerity looks very much like an example of magical thinking, and its installation as the dominant global wisdom has involved some remarkable political work. As Evans and Hussey note, between 2007 and 2010, major changes of discursive framing were accomplished:

> The rapidity of the current turn from rescue to exit strategies, as governments cease countercyclical spending policies that were employed in the early years of the worldwide economic crisis that began in 2007, and the commensurate shifting of blame and cost to the public sector, and public sector workers in particular, has been nothing less than astonishing. (Evans and Hussey, 2011: 37)

We do not have room here to explore the shifting and contested constructions of crisis that have been in play globally and nationally (but see Clarke, 2010a and b; Clarke and Newman, 2010). At each moment, they have required intense political-cultural labour to capture the future and to control the meanings of crisis in the midst of profoundly contradictory tendencies, forces and possibilities. One critical arena for such political-cultural labour has been the welfare state. In the UK and elsewhere, the austerity strategy points to the dismantling of publicly provided services and benefits. This is the latest in a series of projects to 'reform' welfare, stretching back to the 1970s, which have often combined the 'need for austerity' with promises to modernize welfare provision (whether to avoid 'dependency' or to make it 'fit for purpose' in new times).

The contradictory politics of austerity

Writing a decade ago, the political scientist Paul Pierson was arguing that a 'new politics' of welfare states was taking shape against a backdrop of both intense pressures for austerity and enduring popularity' (2001: 410). In the process, he argued, welfare states were being remade rather than merely retrenched or abandoned. He identified three dynamics of reform that combined differently in specific welfare regimes: re-commodification, cost-containment and recalibration. In contrast to claims about the 'end of the welfare state', he suggested that a variety of factors coalesced to make radical revision, or abolition, of welfare states unlikely:

> There are strong grounds for scepticism about the prospect for any radical revision of the welfare state in most countries. Almost nowhere have politicians been able to assemble and sustain majority coalitions for a far-reaching contraction of social policy (Stephens, Huber, and Ray 1999). The reasons have already been outlined. The broad scale of public support, the intensity of preferences among programme recipients, the extent to which a variety of actors (including employers) have adapted to the existing contours of the social market economy, and the institutional arrangements which favour defenders of the status quo make a frontal assault on the welfare state politically suicidal in most countries. (Pierson, 2001: 416)

Such institutionalist or 'path dependency' approaches made considerably more empirical sense than apocalyptic claims about the end of the welfare state. However, they also tended to understate the combined effects of the three dynamicisidentified by Pierson in remaking the character of welfare and the form of the state (Clarke, 2008 and see Hartmann, 2005, for a more complex discussion of the relationship between neo-liberalism and welfare states). This institutionalist view of welfare politics has tended to dominate political science debate about welfare states and austerity, emphasising the political problems facing parties or governments seeking to radically reform welfare states. There are, nevertheless, some problems associated with it. First, it may over-state popular/electoral attachment to welfare states. This, in turn, focuses analytical attention too much on tactics of 'blame avoidance' in political discourse, and not enough on what Giger and Nelson (2010) call 'credit claiming'. They suggest that some parties have the capacity to gain electoral advantage by promising to impose austerity measures, with their study revealing that

> the electoral consequences of retrenchment differ according to party family and that some parties, rather than avoiding blame, are able to claim credit for cutting social policy. In particular, liberal and religious parties can win votes from retrenching the welfare state. (Giger and Nelson, 2010: 19)

As the pressures for austerity grow, national governments have found different accommodations, ranging from 'blame avoidance' (attributing causes to global forces or supra-national organizations such the EU or IMF) through 'credit claiming' ('putting things right') and even righteous zeal (the Tea Party influenced Republicans in the USA). Our point is that that conditions of political calculation change and austerity becomes resignified as both necessary and desirable. The UK Coalition government's blending of 'necessary' austerity with the enabling imagery of the Big Society offers one combination that (so far) has just about held majority public support, even if the 'Big Society' has been an object of ridicule rather than popular attachment.

Second, the institutionalist approach takes too narrow a view of politics, grasping it as processes of electoral competition between established parties. However, we want to insist that politics does not only involve party attachment and electoral behaviour (not least because they look less and less 'popular'). Politics also takes place outside official political settings, in public spaces and on the streets (Jerram, 2011). A recent historical study of the relationship between government austerity measures and social and political unrest explores this wider view:

> We use a long panel dataset covering almost a century, focusing on Europe, 1919 to 2009. The continent went from high levels of instability in the first half of the 20th century to relatively low ones in the second, and from frequently troubled economic conditions to prosperity. It thus provides a rich laboratory of changing economic, social and political conditions. In terms of outcome variables, we focus on riots, demonstrations, political assassinations, government crises, and attempted revolutions. These span the full range of forms of unrest, from relatively minor disturbances to armed attempts to overthrow the established political order. We compile a new index that summarizes these variables, and then ask -- for every percentage cut in government spending, how much more instability should we expect? (Ponticelli and Voth, 2011: 2)

This is not the place to go into the methodological approach taken by Ponticelli and Voth (though it may be worth noting that their index of unrest is named CHAOS), but their study tries to track in a close way the relationship between specific government spending decisions and forms of social action. In sum, they argue that a 'general pattern of association between unrest and budget cuts holds in Europe for the period 1919-2009. It can be found in almost all sub-periods, and for all types of unrest' (Ponticelli and Voth, 2011: 26). They conclude that '[t]he frequency of demonstrations, assassinations, and general strikes rises monotonically with the scale of cuts. Only in the case of riots is there a small decline for the biggest cut-backs. In the case of demonstrations, the frequency of incidents appears to rise particularly fast as expenditure cuts pass the 3% threshold' (*op.cit.,* 3). They explicitly link the issue of unrest back to narrower political-governmental calculations:

> This paper suggests one possible reason why austerity measures are often avoided – fear of instability and unrest. Expenditure cuts carry a significant risk of increasing the frequency of riots, anti-government demonstrations, general strikes, political assassinations, and attempts at revolutionary overthrow of the established order. While these are low-probability events in normal years, they become much more common as austerity measures are implemented. This may act as a potent brake on governments… High levels of instability show a particularly clear connection with fiscal consolidation. (Ponticelli and Voth, 2011: 26)

To date, the European (and North American) reaction to austerity has been uneven, though there have certainly been enough strikes, demonstrations and riots to suggest that austerity is not entirely popular. As African and Latin American governments found when trying to manage the structural adjustments demanded by the IMF, the combination of external pressures and domestic expectations stressed the relationship between people and government to breaking point. Some of the EU states have been experiencing similar processes of disaffection as they implement austerity packages (whether externally demanded or not). Across the EU, welfare and public services have been a main target for austerity packages, as Theodoropoulou and Watt's survey indicates:

> On the expenditure side, social protection and public administration are the two areas in which most national governments (for which we received detailed responses) are cutting or planning to cut expenditures from between 2010 and 2013, more often from the former. Expenditure cuts in social protection have been reported as the relatively most important measure in Austria, France and Germany throughout the period 2010-2013 and the second most important in Ireland between 2010 and 2012. Cuts in public administration were quoted as the most sweeping type of measure on the expenditure side in France and the second most important in Germany. (2011: 19)

As they go on to argue, the impact of these austerity strategies is unequally distributed in profound ways and is likely to produce 'new landscapes of inequality' (the phrase is borrowed from Collins et al. 2008). As McBride and Whiteside (2011a) insist, a critical question is

'Austerity for whom?' Theodoropoulou and Watt focus primarily on the impact of austerity programmes on public services:

> Clearly public sector workers are bearing the brunt of the cuts in many countries … A substantial number of countries (e.g. Ireland, France, Austria, Spain and Greece) have instituted – in some cases already prior to the crisis – longer-term plans to shrink the public sector by replacing only a proportion of those leaving through retirement. More immediately, job cuts, running into the thousands, have been announced or already implemented in many countries (Hungary, Ireland, Cyprus, Germany, Latvia, Spain and the UK). In many cases we have figures only for central/federal government, while numbers concerning cuts at the regional and local level are hazy. On top of this, public sector workers have suffered pay cuts, either directly or indirectly (in the form, notably, of higher contributions to pension schemes). In a number of cases, such wage cuts have been imposed unilaterally by the government, bypassing established collective bargaining processes.
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> In most countries, public sector employment is predominantly female, so the focus on public sector cuts can be expected to affect women disproportionately. In France, for instance, the debate on pension reform has focused on gender issues (different retirement ages and life expectancy). To the extent that gendered roles in caring for elderly dependents, children, etc. make women on average more reliant on public services than men, a gender effect to the disadvantage of women may be expected in those countries where service cuts play an important role (e.g. Spain, Ireland, UK). (Theodoropoulou and Watt, 2001: 23)

Those who use public services or whose incomes derive from social protection programmes are also in line to suffer disproportionately from austerity programmes. This points to the ways in which new landscapes of inequality get mapped on to existing ones, since both public service use and benefits are already (largely) 'targeted' on vulnerable and impoverished groups. Plans for further 'targeting' will increase vulnerability as benefits become more conditional and services become increasingly means tested and difficult to access.

Big Economy, Big Society, Broken Society? The social imaginaries of the Coalition.

The UK has taken something of a vanguard position on austerity under the 2010 Coalition government, cutting deeper and harder than most EU countries. Political rationalizations of the programme have moved uncomfortably between the 'economic necessity' claim and the 'Big Society' vision of weaning people off their dependency on the state. The two elements are connected by a recurrent trope of collective pain-sharing, as floated by Chancellor to be George Osborne in his speech to the Conservative Party conference in 2009: "These are the honest choices in the world in which we live and we have made them today. Anyone who tells you these choices can be avoided is not telling you the truth. We are all in this together." (http://news.bbc.co.uk/1/hi/8292680.stm). As many have argued, however, the programme of austerity and reform goes far beyond fiscal book balancing (even if it has been enthusiastically endorsed by the IMF). It promises a more 'radical' reform of the welfare state:

> The coalition programme is more than an immediate response to a large current account deficit. It involves a restructuring of welfare benefits and public services that takes the country in a new direction, rolling back the state to a level of intervention below that in the United States— something which is unprecedented. Britain will abandon the goal of attaining a European level of public provision. The policies include substantial privatisation and a shift of responsibility from state to individual. (Taylor-Gooby and Stoker, 2011: 14)

In this section, we explore some of the shifting social imaginaries that have been evoked in coalition discourse to legitimate this programme. The first involves not so much a big society

as a big economy: the endlessly recurring promise of 'growth' that will (eventually) ensure a happy and prosperous life for all. In Chancellor George Osborne's conception, the nation is inextricably bound up with the growth project: "It [growth] will come from the aspiration of the British people to do better, to export, to get on in life. I've been looking for ways and I will continue to look for ways to support the aspirations of the British people." (02.10.2010; http://www.telegraph.co.uk/news/politics/georgeosborne/8038087/George-Osborne-growth-will-come-from-the-aspiration-of-the-British-people.html).

Nevertheless, the promise of growth has always appeared rather ephemeral against the promised pain and suffering of the austere present and immediate future. Austerity in the context of British political culture, evokes two sorts of sensibility: the promise of hardship and the memory of post-war collective solidarities. The two are combined, of course, although not very stably. The promise of hardship sits uncomfortably alongside the glittering culture of consumption elaborated during the last three decades. Is austerity a punishment for excess? Has over-consumption – won at the cost of increasing public and private indebtedness – turned on us? Is there a (puritanical) penalty to be paid for those dubious pleasures? Did we, indeed, suspect that 'having it so good' was too good to be true? Austerity thus produces an odd politics of affect in a society dominated by the promises of growth and ever-expanding consumption. Of course, there are both uneven distribution and bizarre reconciliations of conflicting desires to take into account. Perhaps not everyone needs to suffer? Alternatively, consumption might be reworked around 'austerity chic' or what the *Economist* in 2009 nicely termed 'ostentatious parsimony' (http://www.economist.com/node/13566033).

Austerity necessarily invites echoes of 'Austerity Britain' (Kynaston, 2007) and a collective memory of rationing, making do and mending, and a culture of restraint (perhaps on the way to building a 'new Jerusalem'). Certainly, this is the collective imagery that the Coalition has tried to summon up – a nation united in the face of adversity:

> We are all in this together, and we will get through this together.
> We will carry out Britain's unavoidable deficit reduction plan in a way that strengthens and unites the country.
> We are not doing this because we want to, driven by theory or ideology. We are doing this because we have to, driven by the urgent truth that unless we do, people will suffer and our national interest will suffer. But this government will not cut this deficit in a way that hurts those we most need to help...
> ...that divides the country...
> ...or that undermines the spirit and ethos of our public services.
> Freedom, fairness, responsibility: those are the values that drive this government, and they are the values that will drive our efforts to deal with our debts and turn this economy around
> So yes, it will be tough.
> But we will get through this together - and Britain will come out stronger on the other side. (Cameron, 2010: 5)

In an article for *The Guardian* in 2010, David Kynaston offered a comparative account of the two austerities (while managing to avoid the phrase 'first time as tragedy, second time as farce'). He argued that creating the political will for austerity among a post-war public was 'a hard sell then' but it considerably harder in the present. He traced four conditions that had enabled post-war austerity to command popular assent (though not enthusiastic support): a sense of shared purpose, a perceived equity of sacrifice, an aura of hope and a degree of public confidence in the political class. Despite the Coalition's commitment to 'we are all in this together', these conditions seem a little less reliable in the current conjuncture. The purpose of austerity is, at best, shared on a sort of grudging acquiescence about the condition of the global economy, the public debt and the 'necessity' of tough measures. This is more than a little reminiscent of Margaret Thatcher's TINA (There Is No Alternative) which typically provoked grudging compliance rather than enthusiastic support. In the present, despite the gesture to cut Child Benefit to some of the middle classes, there is little perceived

equity of sacrifice. On the contrary, the rapid restoration of banking bonuses (and the accompanying lack of shame) has consistently dramatised the profound – and deepening – inequalities of sacrifice. This is, as commentators of both left and right have observed, ordinary people being sacrificed on the altar of corporate greed by a 'feral elite' (for example, the Compass 'In the Public Interest' campaign; and Peter Oborne on the 'feral rich'; see also Charles Moore, 2011).

Hope in possible futures seems, at best, unequally distributed. This is not just a matter of declining 'consumer confidence', although, given the centrality of debt-fuelled consumption to the last period of economic growth, that may be significant. More striking is the uneven distribution of faith in individual and collective possibilities – and in the institutions that might underpin them. Finally, the declining public confidence in the 'political class' was exacerbated by the MPs expenses scandal – tellingly an almost constant point of cultural reference for commentators on the English riots. Collusion with the News International across UK party leaderships has further tarnished the reputation of politicians (who are included by Compass and others in the 'feral elite'). Finally, much ironic value has been extracted from the youthful misdemeanours of the currently governing 'toffs' (Cameron, Clegg and Osborne in particular) which stand in sharp contrast to the penal response to young 'rioters' in August 2011.

Kynaston's four foundations for the post-war popular participation in austerity look – at best – somewhat shaky and unstable in the present. They may enable a degree of acquiescence to 'economic necessity' but this is a form of 'passive consent' rather than a popular mobilization. It is certainly hard to tell who believes that we really are 'all in this together'. This partial and unevenly distributed acquiescence resembles what Jeremy Gilbert has called 'disaffected consent' – a contradictory and unstable mixture in which disaffection of various kinds seems to be becoming stronger. Increasing disaffection was, of course, sharply dramatised in the riots of 2011 which elicited another social imaginary (the 'other side' of the Big Society): the Broken Society.

"The broken society is back at the top of my political agenda … I have an ambition, before the end of this Parliament, we will turn around the lives of 120,000 most troubled families." (David Cameron, 15.08.2011: http://www.upi.com/Top_News/World-News/2011/08/15/Cameron-Time-to-rebuild-broken-society/UPI-12871313456304/ Prime Minister Cameron's comments came in the wake of English urban riots in August 2011. They echoed a consistent theme of his leadership of both the Conservative Party and the Coalition government – the need to mend a 'broken society'. This broken society is closely entwined with the commitment to building a 'Big Society' (in place of 'Big State'). In Cameron's major speech on the Big Society (the Hugo Young Lecture in 2009), he argued that

> the size, scope and role of government in Britain has reached a point where it is now inhibiting, not advancing the progressive aims of reducing poverty, fighting inequality, and increasing general well-being. Indeed there is a worrying paradox that because of its effect on personal and social responsibility, the recent growth of the state has promoted not social solidarity, but selfishness and individualism… (2009b: 1)

There is much to be said about the imaginary of the 'Big Society' (see inter alia, Clarke, 2011, Ellison, 2011, Newman, 2012), but here we aim to focus on its relationship to the other two imaginaries – the Big Economy and the Broken Society. There is a strange split in contemporary Conservative (and Coalition) thinking about economies and societies: they exist in different realms; work to different temporalities and logics; and are peopled with very different sorts of actors (rational calculating entrepreneurs versus philanthropic, communal, familial caring folk, albeit hard working ones). The Big Society appears strangely lacking in economic processes and agents: people do go out to work, work hard and support themselves and their families, it is true. But there are no corporations, banks, or other economic agents whose decisions (to invest or disinvest; to employ or make redundant; to provide or withdraw from public services) change the landscape in which people live and act. This economic emptiness is even more visible in the discourse of the Broken Society. As a

consequence, the 'broken society' is seen as the result of moral conditions – or, more precisely, the sort of 'demoralization' that Conservative critics (from Gertrude Himmelfarb to Charles Murray) have viewed as the result of dependency inducing statism and welfarism. Alan Finlayson has captured the peculiarity of this moralised vision of the social and its anti-statism nicely:

> Cameron's is a fairly well-developed argument about the nature of the current crisis facing Britain, and its resolution. It names the crisis as moral, as consisting of a selfish form of individualism, because of which people refuse to take responsibility for themselves, each other or their society. But his analysis of the sources of this selfishness focuses on the deleterious effects of the social-democratic state upon self-reliance. Other causes are downplayed - for example the traditionalist Tory view that selfishness is a by-product of 'the sixties' (a clear element of Blond's argument and one source of Tory interest in 'pro-marriage' tax policies, but only hinted at by Cameron with phrases such as 'our personal journey'). Causes to which the left might draw attention, including the effects of neoliberal competitiveness and inequality, are of course ignored. Naming the nanny state as responsible for so much of our moral malaise enables the Cameronite argument to recruit the 'Clarksonite' critics and their fantasy of totalitarian health and safety officers (a fantasy which allows them to imagine themselves true men and truly rugged individuals, asserting themselves against a feminine state every time they drive their car a little bit too fast). (Finlayson, 2010: 26-27)

This separation of economy and society enables a profound denial of issues of socio-economic inequality and their social effects, with only 'worklessness' threatening force a troubling connection between the two domains. In practice, worklessness is named as a problem of 'character' (the alternative face of the moral dimension) or the legacies of ineffective state interference rather than the economy itself. So, despite the English riots of 2011 occurring in some of the most economically deprived areas of the country, with some of the highest rates of unemployment (see *The Guardian*, 18.08.2011: 5), political leaders insisted that what had occurred was 'pure' or 'sheer' criminality (this hyperinflation of criminality was presumably intended to be emphatic, but left us wondering about what 'impure' criminality might look like). We have been here before: the UK has proved recurrently vulnerable to such 'law and order' politics (Hall et al., 1978). The turn to a moral authoritarianism seems deeply rooted in the political culture (as does its racialising tendency). However, the proclamation of austerity seems to have given this authoritarianism an extra boost.

Conclusion: Of markets and morality

In this final section we want to address some possibilities of reassembling the social and the economic. This may be a rather grand ambition, since the separation of different domains or levels of social formations (the economic, the political and the social, for example) is a foundational feature of the Euro-American modern social imaginary (Grossberg, 2010). In this context, however, our ambitions will be more modest, aiming to look at some of the ways in which the economic, the social and the political may be intertwined in the organisation of austerity, anarchy and authoritarianism, rather than trying to resolve the larger theoretical questions.

Forms of unrest, protest, crime and riot have always been understood as abnormal disruptions of an imagined stable social order – they are precisely grasped as 'disorderly conduct'. So too there is along history of understanding them as the result of moral failings. Certainly, Victorian fears and fantasies about the disorderly, dangerous and depraved lower orders have uncomfortable similarities with contemporary obsessions with the urban 'underclass' in its many guises (hoodies, chavs, single mothers, the feckless and workshy). Just as Victorian investigators intrepidly made their way into 'Darkest England' and brought back alarming reports about the deprived and depraved, so we have a contemporary

fascination with 'poverty porn' (Mooney and Hancock, 2010). This obsession always turns on question of morality, moral character and the possibilities of moral rescue or reformation (see, for example, Ouellette and Hay, 2008, on 'better living').

But there are other ways of thinking about the relation between the economic and the social through ideas of moral economy (e.g., Edelman, 2005, Scott, 1976, Thompson, 1971). E.P. Thompson articulated the idea of a 'moral economy' in an analysis of food riots in eighteenth century England as a way of resisting both simple determinism and moral judgements of disorder. We should start by noting some difficulties about borrowing this concept. Thompson used the term to describe the set of shared understandings ('norms and obligations') of how an economy should work, whose breach – in times of dearth and crisis – provoked popular action against those who sought to exploit the crisis:

> The food riot in eighteenth-century England was a highly-complex form of direct popular action, disciplined and with clear objectives. How far these objectives were achieved - that is, how far the food riot was a "successful" form of action - is too intricate a question to tackle within the limits of an article; but the question can at least be posed (rather than, as is customary, being dismissed unexamined with a negative), and this cannot be done until the crowd's own objectives are identified. It is of course true that riots were triggered off by soaring prices, by malpractices among dealers, or by hunger. But these grievances operated within a popular consensus as to what were legitimate and what were illegitimate practices in marketing, milling, baking, etc. This in its turn was grounded upon a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community, which, taken together, can be said to constitute the moral economy of the poor. An outrage to these moral assumptions, quite as much as actual deprivation, was the usual occasion for direct action.
>
> While this moral economy cannot be described as "political" in any advanced sense, nevertheless it cannot be described as unpolitical either, since it supposed definite, and passionately held, notions of the common weal - notions which, indeed, found some support in the paternalist tradition of the authorities; notions which the people re-echoed so loudly in their turn that the authorities were, in some measure, the prisoners of the people. Hence this moral economy impinged very generally upon eighteenth-century government and thought, and did not only intrude at moments of disturbance. The word "riot" is too small to encompass all this. (Thompson, 1971: 78-9).

The use of this idea in peasant studies (for example, by Scott, 1976) is similarly addressed to forms of shared popular understandings of economy, subsistence and forms of social solidarity. There is then a considerable risk in lifting the term from a set of specific historical and geographical settings and applying it to the present urban post-industrial context. Indeed, Thompson himself borrowed the term from Chartist and other critics of capitalism who used it as a contrast to the dominant figures of laissez-faire *political* economy. Edelman has argued that many of the central elements of 'moral economy' have a widespread resonance:

> Peasant conceptions of "justice," as described by Scott for Southeast Asia in the late 19th and early 20th centuries, are not, in their general outlines, very much different for other times and places (say, late-20th-century Latin America), which is part of why his book has had such resonance. "Just price" or "price over cost"—**"***precio sobre costo***,"** as I have heard dozens of contemporary Central American agriculturalists put it, often with a spark of outrage in their eyes—is at the core of this. Also significant are the expectations, developed over long historical time, of what states and elites may claim and of what they must, in turn, provide in times of necessity. Finally, the issues of what values are commensurable, of what can be turned into a commodity, and of what

> natural or commonly held resources can be appropriated for private use and profit also loom large in the rural poor's understanding of justice. (2005: 332)

We are struck by the uneven and imperfect but persistent echoes of these conceptions in contemporary Britain (and Europe, more widely). Ideas of justice, social justice, equity, rightness and fairness continue to circulate as significant organizing principles in social and political life despite the dominance of neo-liberal politics (see also Newman and Yeates, 2008). They perhaps form part of what Raymond Williams referred to as 'residual' cultural formations that still play a significant role in the present because dominant formations cannot speak to them:

> The residual, by definition, has been effectively formed in the past, but it is still active in the cultural process, not only and often not at all as an element of the past, but as an effective element of the present. Thus certain experiences, meanings and values which cannot be expressed or substantially verified in terms of the dominant culture, are nevertheless lived and practised on the basis of the residue – cultural as well as social – of some previous social and cultural institution or formation.
> (1977, p. 122).

These ideas are certainly contested, often contradictory and may not constitute the widely shared sensibility or structure of feeling that is described by Thompson (that connects different social classes and strata in norms of solidarity). Nevertheless, their popular persistence suggests two things. First, all economies are also moral economies: they are organized not merely by explicit rules of exchange, contracts and legal identities but also by less formal norms, expectations and ideas of obligation and entitlement. That is, even apparently 'disembedded' economies have a social and moral dimension through which they are embedded in the everyday expectations, calculations and judgements of social actors.

Second, following Thompson, when economic practices become detached from their moral economy, discontent, outrage and disorder are likely to result. The different overlaid developments of globalizing corporate capitalism in the last three decades have, in different ways, forced disconnections between established moral economies and economic practice. These disjunctures have proved resistant to attempts to the ideological glue of the Big Society (and earlier attempts to humanize or socialize neo-liberalism). Thin claims about 'fairness' and shared sacrifices sound 'merely rhetorical' and tend to be seen as moralising rather than moral.

Instead, deepening social inequalities have induced both discomfort and discontent – making the claim that 'we are all in this together' implausible. The capacity of the rich to insulate themselves from everyday experiences diminishes their sense of moral connectedness to the rest (see, for example, Toynbee and Walker, 2008). Instead, it appears to induce a fantastic projection: that anyone could – and indeed – should be able to do this (see, for example, Karen Ho's analysis of liquidity, liquidation and liquid lives in her study of Wall Street, 2009). Meanwhile, promises of growth have claimed that work, wealth and consumption are practically within everyone's grasp. These promises produce multiple sites of antagonism and resentment: unfulfilled desires as work, wealth or the pleasures of consumption do not materialize; profoundly problematic relationships between desert and reward; the precarity or unpredictability of employment; the exclusions associated with worklessness; and the degradations of authoritarian post-welfarism. Each of these has the capacity to increase 'disaffection' as the implied moral economy of the new capitalism fails.

The causes, forms and effects of this disaffection are multiple. It is played out in the form of riots among the dispossessed (or those denied their right to consume), and in the resentments against migrants and others who do not belong and are therefore not entitled. It is manifested in the persistent outrage about bankers' bonuses and MPs' expenses, and in the demonstrations, marches and occupations across European cities against austerity. It leads to both withdrawal from politics and the rise of populist 'anti-political' parties and movements. It

produces increasing cynicism and scepticism alongside new forms of commitment and mobilization.

Moral economies are sensibilities or structures of feeling. They stand in sharp contrast to the hard, real or material character that we normally attribute to economies and economics. But they are a critical element of how the economic, the social and the political are articulated. Their disruption is consequential even if we cannot quite see the evidence (there is no FT index). For us, one of the most telling indicators of the dislocation of moral economy is the proliferation of political discourses of 'fairness' – attempting to both revive and renegotiate the promises of equity and solidarity. Nevertheless, these contemporary variants of 'fairness' are typically both imprecise and conditional – and seem an unlikely basis for reconstructing a broken moral economy. Instead, we fear that we can look forward to the alchemic mix of more austerity and more authoritarianism.

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